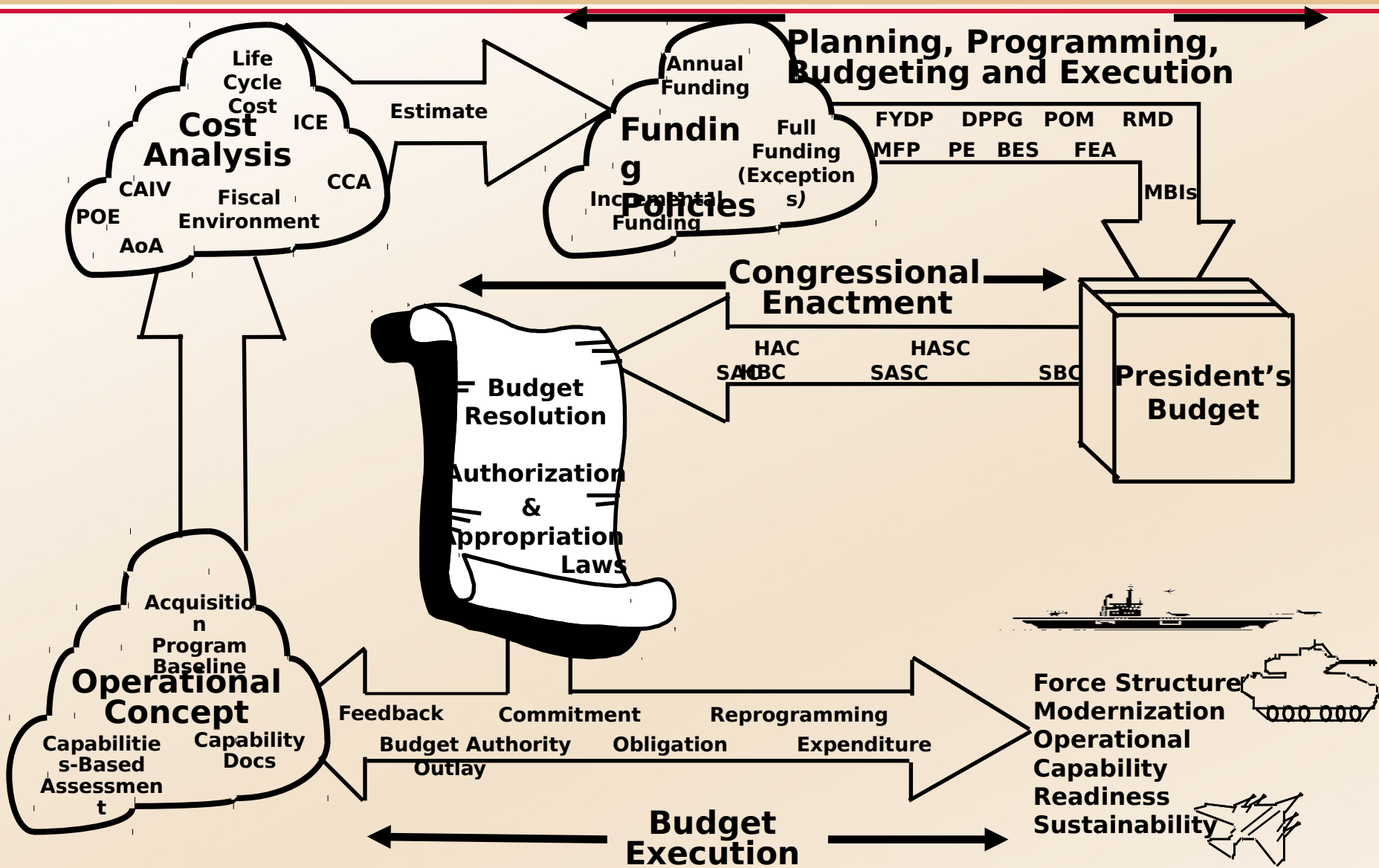# Planning, Programming, Budgeting, and Execution (PPBE) Process

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From Requirement to Capability

- **PPBE Overview**
  - **Management Systems and Phases**
  - **Major Changes in FY 12-16 PPBE Cycle**
  - **Front End Assessments**
  - **DoD Efficiencies Initiative**
- **Building Blocks**
  - **FYDP, MFP, Program Elements**
- **PPBE Process and Schedule**
- **Capability Portfolio Managers**
- **Membership of DAWG and SLRG**
- **Resource Allocation Process**

Planning, Programming, Budgeting and Execution

Joint Capabilities Integration and Development System (JCIDS)

QDR

Defense Acquisition System
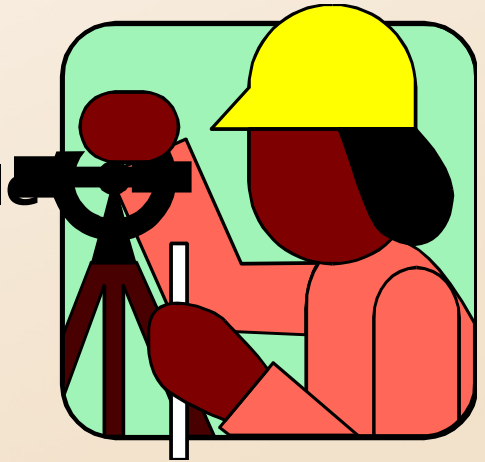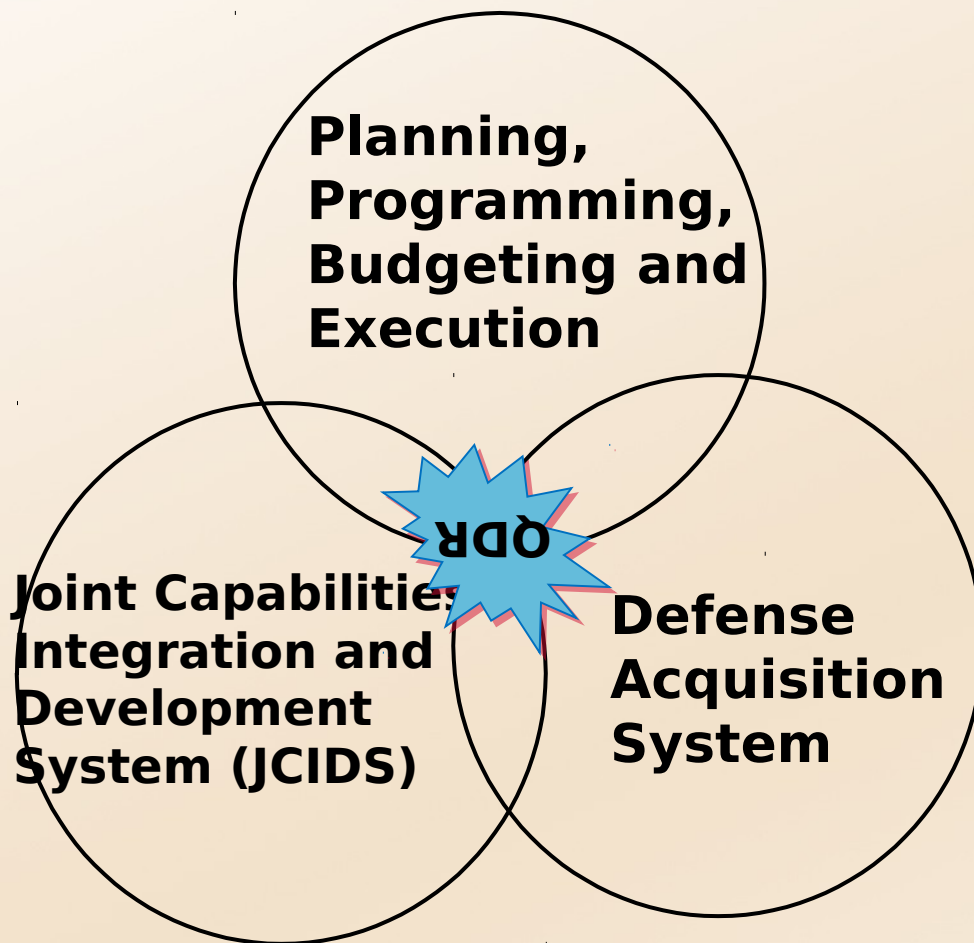
PPBE is the Primary Resource Management System for DoD:

- **Articulates strategy**

- **Identifies size, structure and equipment for military forces**

- **Sets programming priorities**

- **Allocates resources**

- **Evaluates actual output against planned performance and adjusts resources as appropriate**

- **Planning (OSD Policy)**
  - **Assess capabilities / review threat**
  - **Develop guidance**
- **Programming (OSD CAPE)**
  - **Turn guidance into achievable, affordable packages**
  - **Five-year program (Future Years Defense Program)**
- **Budgeting (OSD Comptroller)**
  - **Test for efficient funds execution**
  - **Scrub budget year**
  - **Prepare defensible budget**
- **Execution Review (concurrent with program/budget review)**
  - **Develop performance metrics**
  - **Assess actual output against planned performance**
  - **Adjust resources to achieve desired performance goals**

- **DPPG (was GDF and JPG)**
- **One budget year (was two on the "on years")**
  - **Makes this an annual budget cycle vs a biennial budget**
  - **Every year is a "POM" year**
  - **No more PRs (Navy), APOMs (AF), or mini-POMs (Army)**
- **Focus on a 5-year period**
  - **Changed FY12-17 period to FY 12-16**
- **DOD conducting Front End Assessments**
  - **Eight issues with SecDef oversight via the "Large Group"**
  - **All other issues led by DepSecDef via the DAWG**

- **Strategic Comm and Info Operations**
- **Long Range Strike Family of Systems**
- **Airborne ISR**
- **Cyber Defense**
- **Global Posture**
- **Reset of Equipment from Operations**
- **Integrated Air & Missile Defense**
- **Tactical Aircraft**

$B	FY12	FY13	FY14	FY15	FY16	Total
Army, Navy, Air Force	2	3	5.38	10		28.3
Def Agency/Field Activity	1	2	3	4	7	17
Combined Goal	7	11	18.9	28	37	101.9

OSD (C) Fact Sheet
Savings and Efficiencies Initiative

- **Goal: Create more agile, flatter, and efficient organization**
- **Military departments can keep their savings and apply to critical areas such as**
  - **Personnel in units**
  - **Force structure**
  - **Readiness to fight**
  - **Investment in future capabilities**
- **Goals will be reviewed annually and may change**
- **Initiatives must be specific, actionable, and measurable**
  - **Percentage and across-the-board reductions are not acceptable**
- **No organization, including OSD, is excluded**
- **Must be in POM/BES FY12-16 submission to OSD due 30 Jul 10**

Better Buying Power
USD(AT&L) 14 Sep 10 Memo

- **Target Affordability and Control Cost Growth**
  - Mandate affordability as a requirement
  - Drive productivity growth through Will Cost/Should Cost management
  - Eliminate redundancy within warfighter portfolios
  - Make production rates economical and hold them stable
  - Set shorter program timelines and manage to them
- **Incentivize Productivity and Innovation in Industry**
  - Reward contractors for successful supply chain and indirect expense management
  - Increase use of FPIF, where appropriate
    - Use 50/50 share and 120% ceiling as point of departure
  - Adjust progress payments to incentivize performance
  - Extend the Navy's preferred supplier program to a DoD-wide pilot
  - Reinvigorate industry's IRAD and protect the defense technology base
- **Promote Real Competition**
  - Present a competitive strategy at each program milestone
  - Remove obstacles to competition
    - Require open systems architecture and set rules for acquisition of technical data rights
  - Increase dynamic small business role in defense marketplace competition

Better Buying Power (cont.) USD(AT&L) 14 Sep 10 Memo

- **Improve Tradecraft in Services Acquisition**
  - Create a senior manager for acquisition of services in each component, following the Air Force's example
  - Adopt uniform taxonomy for different types of services
  - Address causes of poor tradecraft in service acquisition
  - Increase small business participation in providing services
- **Reduce Non-Predictive Processes and Bureaucracy**
  - Reduce number of OSD level reviews...
  - Eliminate low-value added statutory processes
  - Reduce by half, the volume and cost of internal and congressional reports
  - Reduce non-value-added overhead imposed on industry
  - Align DCMA and DCAA processes to ensure work is complimentary
  - Increase use of Forward Pricing Rate Recommendations to reduce admin costs

- **Computer database maintained by CAPE**

- **Contains approved force structure and resources for all Defense Programs**

- **Updated two times per annual PPBE cycle:**
  - **Program Objectives Memorandum/Budget Estimate Submission (POM/BES) – July**
  - **President's Budget (PB) - February**

- **Reflects PY, CY, BY, + 4 Out-Years +**

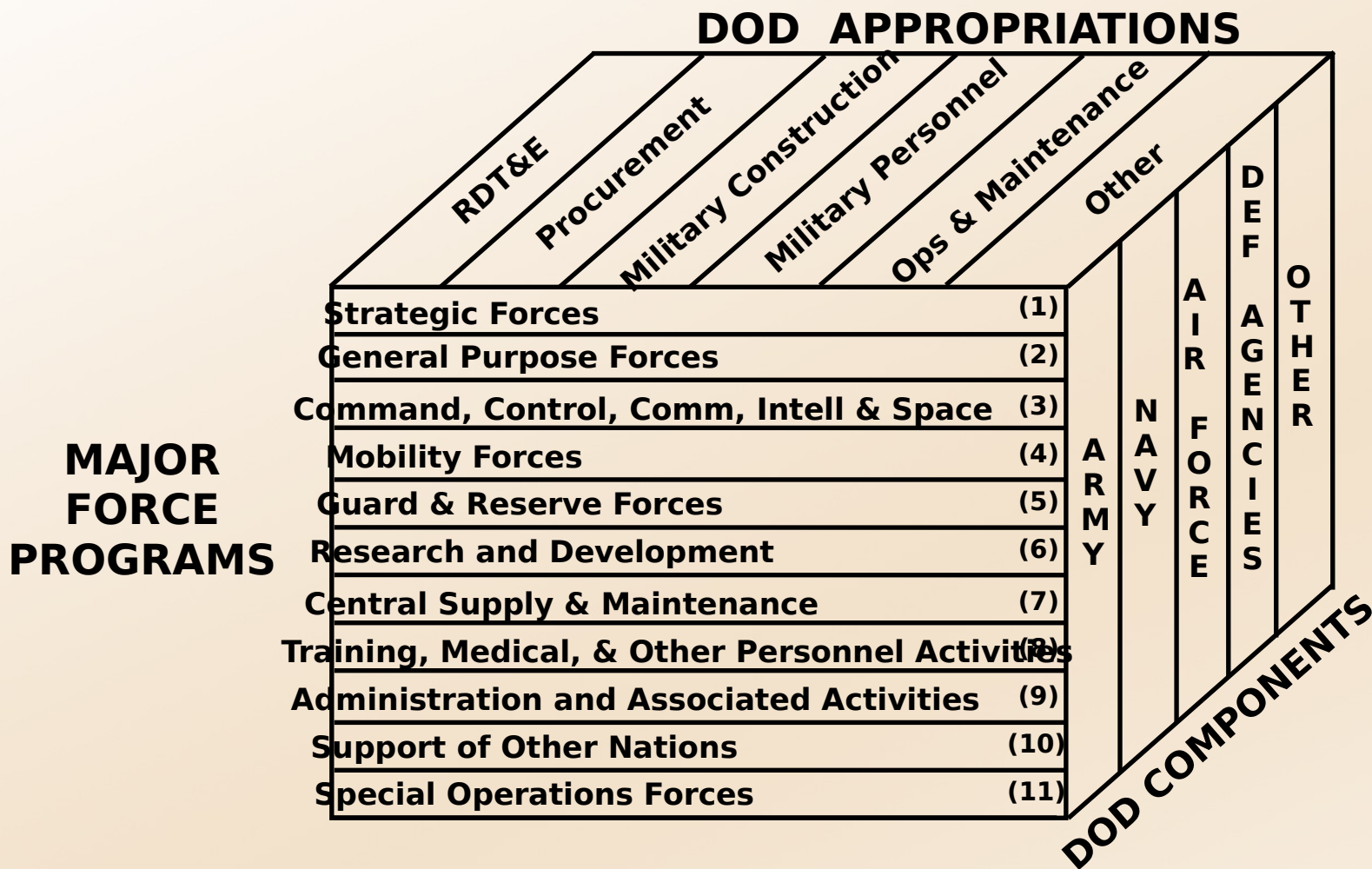 10 11 **12 13 14 15 16**

  3 additional years for force structure only

  - **FYDP 2012-2016 (updated CY 2010) would include:**
    - **FY 12-16 for force structure & resources**
    - **FY 17-19 for force structure only**

DOD APPROPRIATIONS

RDT&E · Procurement · Military Construction · Military Personnel · Ops & Maintenance · Other

MAJOR FORCE PROGRAMS

- Strategic Forces (1)
- General Purpose Forces (2)
- Command, Control, Comm, Intell & Space (3)
- Mobility Forces (4)
- Guard & Reserve Forces (5)
- Research and Development (6)
- Central Supply & Maintenance (7)
- Training, Medical, & Other Personnel Activities (8)
- Administration and Associated Activities (9)
- Support of Other Nations (10)
- Special Operations Forces (11)

ARMY · NAVY · AIR FORCE · DEF AGENCIES · OTHER

DOD COMPONENTS

PROGRAM ELEMENT (PE): Smallest aggregation of resources normally controlled by OSD

- PE NUMBER: Used to track and identify resources; seven digit number followed by an alphabetic suffix

- **PROGRAM 1 (STRATEGIC FORCES)**

    0101126F - B-1B Squadrons

    0101215F - Peacekeeper Squadrons

    0101228N - Trident

    0101316A - Worldwide Joint Strategic Comm

    0102424F - SPACETRACK

- **PROGRAM 2 (GENERAL PURPOSE FORCES)**

    0202112A - Airborne Divisions

    0204224N - Frigates - Missile

    0207138F - F-22 Squadrons

    0207423F - Advanced Communications Systems

A - ARMY
N - NAVY
M - MARINE
F - AF
D - OSD
C - MDA
E - DARPA
J - JCS
S - DLA
BB - SOCOM
DBD - DFAS

Ref: DoD 7045.7 - H

~Starts FEB/MAR (1st Year)   **APR (DPPG)/Sep (FEAs)**
Finish 2nd Year

President
National Security Council
CIA/DIA/JCS/OSD

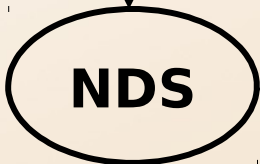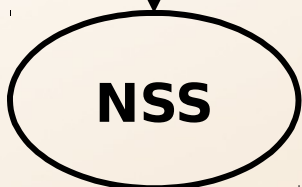**Planning Phase focus:**

- **Threat vs Capabilities**
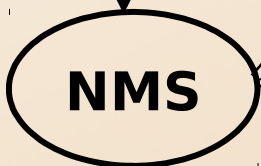- **Update strategy**
- **Guidance for programming**

FEAs
Under direction of CAPE

FEAs to be a strategic view
used to inform program/budget reviews.

NSS

OSD Level

NDS   **QDR**   **DPPG**

To Concurrent Program/Budget Review

JCS Level

NMS   **CPR**

(JCS, COCOMs, SERVICES)

CIA – Central Intelligence Agency; **COCOM** – Combatant Command**; CPR** – Chairman's Program Recommendation
DIA – Defense Intelligence Agency; **DPPG** –Defense Planning &Programming Guidance; **JCS** – Joint Chiefs of Staff
NDS – National Defense Strategy; **NMS** – National Military Strategy; **NSS** – National Security Strategy
OSD – Office of the Secretary of Defense**; QDR** – Quadrennial Defense Review; **FEA –** Front End Assessments

16

JUL   OCT   NOV   DEC   FEB

FEAs Continued

OSD CAPE/OMB

Issue Resolution

3-Star Group

POM

SECDEF/DEPSECDEF SLRG*&DAWG*

CPMs

JCS

CPA

RMDs

Components Defense Agencies

TBD = *

USD(C)/OMB

Adv Questions/ Budget Hearings

BES

MBI*

PB

Updates FYDP

Services / PEO / PM Answer / Reclama

Updates FYDP

BES – Budget Estimate Submission; CAPE – Cost Assessment & Prgm Evaluation
COCOM – Combatant Commander; CPA – Chairman's Pgm Assessment; CPM – Capability Portfolio Manager
DAWG – Deputy's Advisory Working Group; FEAs- Front End Assessments; FYDP – Future Years Defense Pr
MBI – Major Budget Issues; OMB – Office of Management and Budget; PB – President's Budget
POM – Program Objectives Memo
RMD – Resource Management Decision; SLRG – Senior Leader Review Group

2 April 10 Fiscal Guidance Issued

30 April 10   Defense Planning and Programming Guidance (DPPG) Issued

30 July 10 Component POM/BES Submissions Due

2-13 Aug 10   Component POM Briefs to 3-Star/DAWG

30 Aug 10 Issue Nominations Due

3 Sep 10   Budget Justification Material Due to OSD/OMB

22 Nov 10 Program/Budget Review Complete

7 Feb 11   President's Budget Submitted to Congress

- **9 Portfolios are Based on Existing Joint Capability Area (JCA) Structure**
- **Civilian/Military Co-Leads Designated by DEPSECDEF**
- **Have No Independent Decision Making Authority**
- **Afforded Access to JROC, DAB & Other Established Component Forums**
- **Shall Establish or Identify Existing Portfolio-Level Governance for Each Portfolio**

Capability Portfolio Managers (CPMs) Leadership

Capability Portfolio and Tier 1 JCA	CPM Civilian Lead	CPM Military Lead	Senior Warfighting Forum (SWarF) Lead *	CPM Joint Staff OPR *	Functional Capability Boards *
Command and Control	ASD (NII)	JFCOM	JFCOM	J-3	JFCOM
Battlespace Awareness	USD (I)	STRATCOM	STRATCOM	J-2	J-2
Net Centric	ASD (NII)	STRATCOM	STRATCOM	J-6	J-6
Logistics	USD (AT&L)	TRANSCOM	TRANSCOM	J-4	J-4
Building Partnerships	USD (P)	Director, J-5	JFCOM	N/A	J-5
Protection	USD (AT&L)	Director, J-8	STRATCOM	N/A	J-8
Force Support	USD (P&R)	Director, J-8	JFCOM	N/A	J-8
Force Application	USD (AT&L) USD (P)	Joint Requirements Oversight Council (JROC)	JFCOM SOCOM STRATCOM	J-8	J-8
Corporate Management & Support	DCMO	Director, Joint Staff	N/A	N/A	N/A

* As designated by the Chairman of the Joint Chiefs of Staff (CJCS)

- Deputy Secretary of Defense (Chair)
- Vice Chairman Joint Chiefs of Staff (Vice Chair)
- Under Secretary of Defense (AT&L)
- Under Secretary of Defense (Policy) and Principal Deputy
- Under Secretary of Defense (Comptroller) /Chief Financial Officer or Principal Deputy
- Under Secretary of Defense (P&R) or Principal Deputy
- Under Secretary of Defense (Intelligence) or Principal Deputy
- Secretary or Under Secretary of the Army
- Secretary or Under Secretary of the Navy
- Secretary or Under Secretary of the Air Force
  - Director, Joint Staff
  - Chief, National Guard Bureau or Deputy
  - Director, SP&P-J5
  - Director, FS,R&A-J8
- Chief or Vice Chief of Staff of the Army
- Chief or Vice Chief of Naval Operations
- Chief or Vice Chief of Staff of the Air Force
- Commandant or Assistant Commandant of the Marine Corps
- Commander or Deputy Commander, SOCOM
- Deputy Chief Management Officer
- ASD (Legislative Affairs)
- ASD (Networks & Information Integration/Chief Information Officer
- ASD for Public Affairs
- General Counsel
- Director of Administration and Management
- Director or Principal Deputy Director, CAPE

cretary of Defense

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ecretary or Under Secretary of the Army

ecretary or Under Secretary of the Navy

ecretary or Under Secretary of Air Force

hairman Joint Chiefs of Staff

ce Chairman Joint Chiefs of Staff

nder Secretary of Defense (AT&L)*

nder Secretary of Defense (Policy)*

nder Secretary of Defense (Comptroller) /Chief Financial Officer*

nder Secretary of Defense (Intelligence)*

nder Secretary of Defense (P&R)*

ommandant or Assistant Commandant f the Marine Corps

- Director of Administration and Management

- Chief or Vice Chief of Staff of the Army
- Chief or Vice Chief of Naval Operations
- Chief of Staff or Vice Chief of the Air

  Force
  - General Counsel
  - ASD (Legislative Affairs)
  - ASD (Networks & Information Integration/Chief Information
    Officer
  - ASD for Public Affairs
- Director, Cost Assessment and Program Evaluation
  - Director, Joint Staff* or Principal Deputy
  - Deputy Chief Management Officer
- Chief, National Guard Bureau

	CY10												CY11												CY12											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D

FY10: Execution | 2nd Yr | 3rd Yr
FY 10 and prior

FY11: Enactment | Execution | 2nd Yr | 3rd Yr
PB — FY 11 | FY 11 and prior

FY12: Planning / Program/Budgeting | Enactment | Execution | 2nd
FY 12-16 DPPG | FY 12-16 POM / FY 12 BES | PB — FY 12 | FY 12 and prior

FY13: Planning | Program/Budgeting | Enactment | Exec
FY 13-17 DPPG | FY 13-17 POM / FY 13 BES | PB — FY 13 | FY13 & prior

FY14: Planning | Program/Budgeting
FY 14-18 DPPG | FY 14-18 POM / FY 14 BES

PB – President's Budget
BES – Budget Estimate Submission
POM – Program Objectives Memorandum
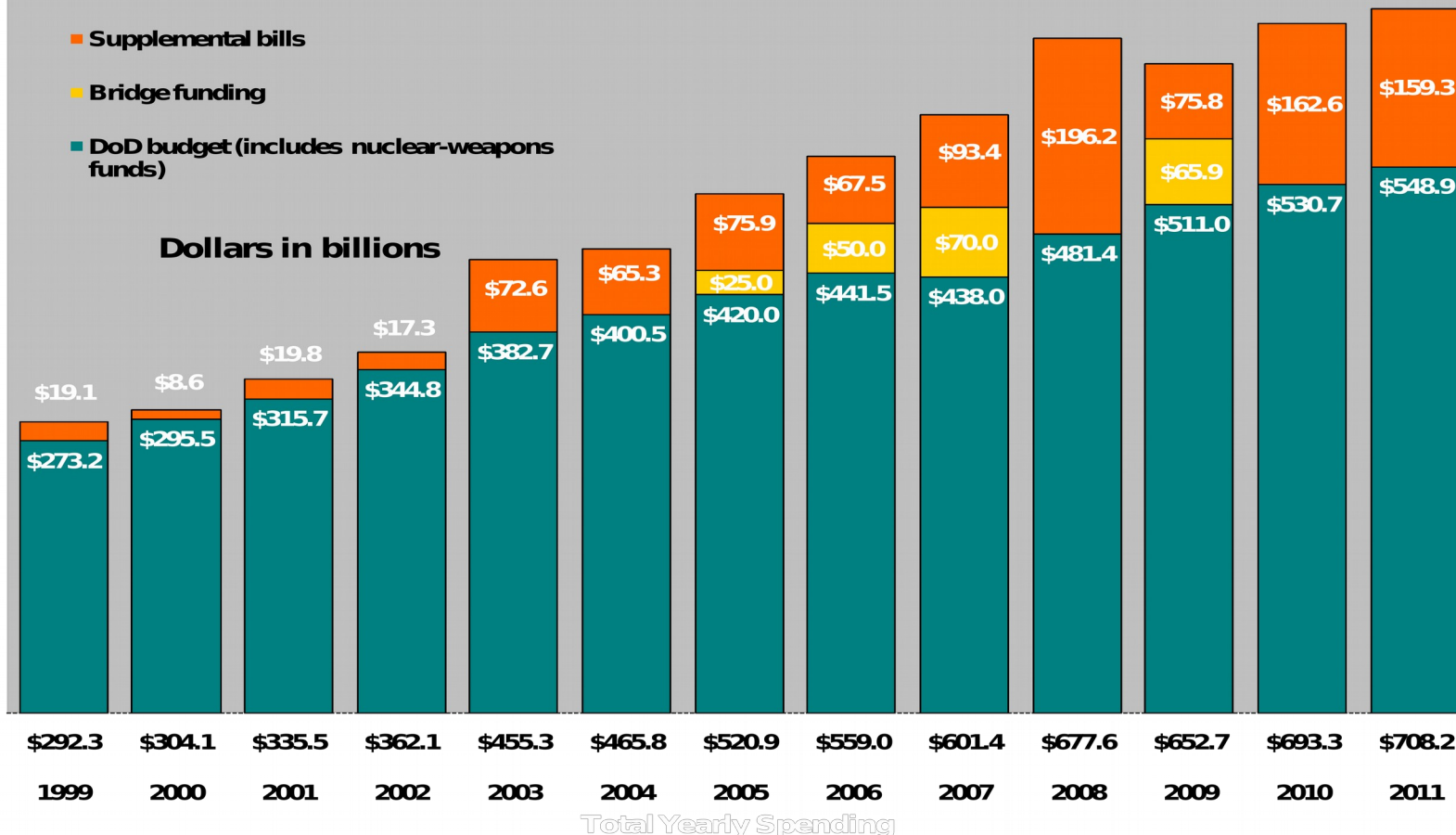DPPG – Defense Planning & Programming Guidance

DoD Supplemental Appropriations

- Supplemental bills
- Bridge funding
- DoD budget (includes nuclear-weapons funds)

Dollars in billions

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Supplemental bills	$19.1	$8.6	$19.8	$17.3	$72.6	$65.3	$75.9	$67.5	$93.4	$196.2	$75.8	$162.6	$159.3
Bridge funding									$50.0		$65.9		
Bridge/mid									$70.0				
Bridge							$25.0						
DoD budget	$273.2	$295.5	$315.7	$344.8	$382.7	$400.5	$420.0	$441.5	$438.0	$481.4	$511.0	$530.7	$548.9
Total Yearly Spending	$292.3	$304.1	$335.5	$362.1	$455.3	$465.8	$520.9	$559.0	$601.4	$677.6	$652.7	$693.3	$708.2

Total Yearly Spending

Most Probable Cost (MPC)

- **AKA Most Likely Cost**
- **50% chance of overrunning or underrunning on a normal curve**
- **The Fin Mgt Reg (DoD 7000.14R) says you should budget to MPC**
- **DAPA Report (2006) recommended 80% confidence level (CL)**
- **Air Force SAE (Mr. Van Buren) memo dated 17 Mar 10 says NLT mean (typically 55-65% CL) or expected value of cost estimate**
- **OSD CAIG using 50% CL**
- **WSARA 2009 Section 101**
  - **DCAPE must issue guidance on confidence levels for cost estimates for MDAP and MAIS programs**
  - **MDAP and MAIS programs must disclose confidence level**
   - **If less than 80%, must explain**

Appropriation	Max Into	Max Out	Level of Control
Research, Development, Test & Evaluation (RDT&E)	Lesser of $10 million Or 20%	Lesser of $10 million Or 20%	Program Element
Procurement (PROC)	Lesser of $20 million Or 20%	Lesser of $20 million Or 20%	Line Item
Operations & Maintenance (O&M)	$15 million	No Limit, Unless specified	Budget Activity
Military Personnel (MILPERS)	$10 million	No Congressional Restrictions	Budget Activity
Military Construction (MILCON	Lesser of $2 million Or 25%	No Congressional Restrictions	Project

Multiyear Procurement (MYP)

- Exception to Full Funding Policy

- A Single Contract for a Specific Quantity of Usable End Items to be Delivered Over a Period of Time Greater Than One Year But Not More Than Five Years

- After initial MYP Approval by Congress, the Service Requests – and Congress Appropriates – Required Budget on a "Year by Year" Basis to Obligate Against the Contract
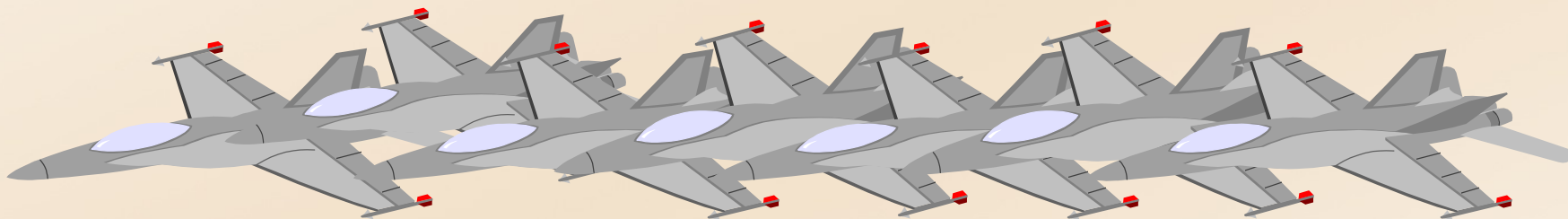
Source: DoD 7000.14-R, Vol 2A, Chap 1, Section 010203

Defense Appropriations "Colors of Money"

Military Personnel (MILPERS)
  Active & Reserve Forces

Operation & Maintenance (O&M)
  Active & Reserve Forces
   (civilian Salaries, supplies,
    spares, fuels, travel, etc...)
  Environmental Restoration
  Former Soviet Union Threat
    Reduction
  Overseas Humanitarian,
    Disaster, & Civic Aid

Procurement
  Aircraft
  Missiles
  Weapons
  Weapons & Tracked Combat
   Vehicles
  Ammunition
  Other Procurement
  Shipbuilding & Conversion
  Marine Corps
  Defense wide procurement
  National Guard & Reserves

Research, Development, Test & Evaluation (RDT&E)
  Basic Research
  Applied Research
  Advanced Technology Development
  Advanced Component Development
     & Prototypes
  System Development & Demonstration
  RDT&E Management Support
  Operational Systems Development

Military Construction (MILCON)
  Facilities
  Family Housing
  Base Realignment & Closure (BRAC)

Other
  Defense Health Program
  Chemical Agents & Munitions
    Destruction

MILPERS

O&M

PROC

RDT&E

MILCON